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April 4, 2005

RECEIVED

APR 06 2005

PUBLIC SERVICE  
COMMISSION

Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40602-0615

Re: Request of Airview Estates, Inc. to Modify Construction Schedule for Plant  
Improvements Financed Through a Customer Surcharge; Case No. 2005-00050

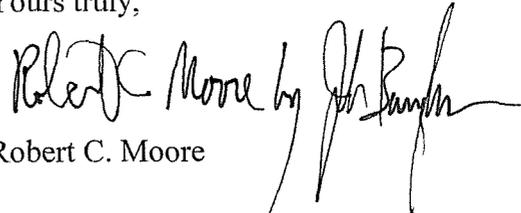
Dear Ms. O'Donnell:

Please find enclosed for filing in the above referenced case, the original and 10 copies of the following documents:

- 1) Motion for Extension of Time to Respond to Order; and,
- 2) Pre-filed Testimony of Lawrence W. Smither

Thank you for you attention in this matter.

Yours truly,

  
Robert C. Moore

cc: Larry Smither  
Enclosures  
RCM/edl

RECEIVED

APR 06 2005

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST OF AIRVIEW ESTATES,	)	Case No. 2005-00050
INC. TO MODIFY CONSTRUCTION	)	
SCHEDULE FOR PLANT	)	
IMPROVEMENTS FINANCED	)	
THROUGH A CUSTOMER SURCHARGE	)	

**MOTION FOR EXTENSION OF TIME TO RESPOND TO ORDER**

Comes Covered Bridge Utilities, Inc. ("Covered Bridge"), by counsel, and hereby moves the Public Service Commission ("Commission") for an extension of time within which to respond to the Commission's Order of February 14, 2005.

1. On September 1, 2004, Elizabethtown Utilities, LLC ("Elizabethtown Utilities"), entered into a Management Agreement with Airview Estates whereby Elizabethtown Utilities agreed to operate the Airview Estates Wastewater Treatment Plant ("WWTP"). A copy of this Management Agreement is attached hereto as Exhibit A. Prior to the execution of this Management Agreement, Covered Bridge performed repairs needed at the Airview Estates WWTP when requested by the operator of the Airview Estates WWTP.

2. In June of 2004, the Commission approved a rate increase for the Airview Estates WWTP and also approved a surcharge in order to allow Airview Estates to accumulate the needed funds to perform major repairs to the treatment plant and the remote lift station. See Case No. 2003-00494. The Commission further specified the improvements for which the surcharge proceeds could be used and the schedule on which the improvements should be made.

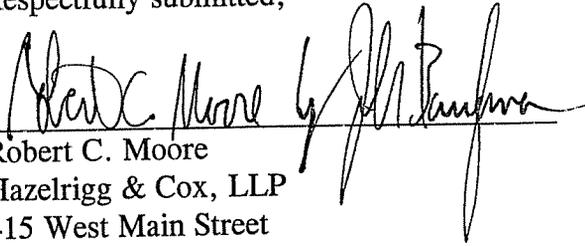
3. On January 13, 2005, Lawrence W. Smither forwarded a letter to Beth O'Donnell, Executive Director of the Commission, requesting permission to change the schedule order so that repairs to the blower motor assembly at the Airview Estates WWTP and the diffuser drops could be made prior to the purchase and installation of new pumps for the remote lift station, as the existing pumps are currently working satisfactorily. See Attachment 2. When Mr. Smither forwarded this letter to Executive Director O'Donnell, he inadvertently sent the letter out on Covered Bridge stationery rather than Elizabethtown Utilities stationery.

4. On March 30, 2005, Mr. Smither contacted the Commission to determine the status of his request to revise the scheduling order for repairs. At that time Mr. Smither was advised that an Order had been issued by the Commission on February 14, 2005, concerning his request to change the order of repairs to be made to the Airview Estates WWTP, and he was then sent a copy of the February 14, 2005 Order by facsimile. The first date Mr. Smither was aware of the issuance of the February 14, 2005 Order was on March 30, 2005. Mr. Smither had previously called to inquire about the status of his request, but was not able to speak to any Commission personnel.

5. The February 14, 2005 Order required Mr. Smither to provide certain information to the Commission on or before March 1, 2005. Because Mr. Smither did not receive the subject Order until March 30, 2005, he failed to comply with this requirement.

6. Accordingly, Mr. Smither hereby requests that each of the deadlines set forth in the Commission's February 14, 2005 Order be extended through and until Friday, April 15, 2005.

Respectfully submitted,

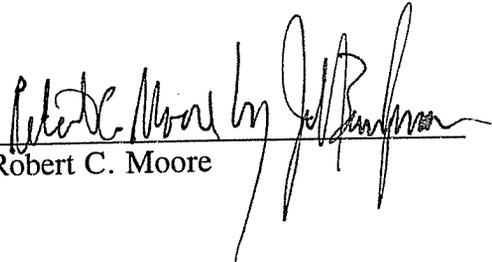


Robert C. Moore  
Hazelrigg & Cox, LLP  
415 West Main Street  
P.O. Box 0676  
Frankfort, Kentucky 40602-0676

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was filed by first class mail, postage prepaid, on this 4<sup>th</sup> day of April, 2005 on:

Beth O'Donnell, Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602



Robert C. Moore

3. On January 13, 2005, Lawrence W. Smither forwarded a letter to Beth O'Donnell, Executive Director of the Commission, requesting permission to change the schedule order so that repairs to the blower motor assembly at the Airview Estates WWTP and the diffuser drops could be made prior to the purchase and installation of new pumps for the remote lift station, as the existing pumps are currently working satisfactorily. See Exhibit B. When Mr. Smither forwarded this letter to Executive Director O'Donnell, he inadvertently sent the letter out on Covered Bridge stationery rather than Elizabethtown Utilities stationery.

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MANAGEMENT AGREEMENT

Come the Parties, Airview Estates, Inc., and Elizabethtown Utilities, LLC, (hereinafter "Elizabethtown Utilities"), on this the 25<sup>th</sup> day of August, 2004, and hereby enter into the following agreement.

WHEREAS, Airview Estates, Inc., owns and operates the Airview Estates Subdivision Wastewater Treatment Plant and collection system (hereinafter "Wastewater System") located in Hardin County, Kentucky.

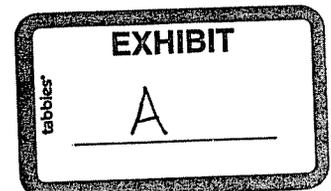
WHEREAS, Airview Estates, Inc., wishes Elizabethtown Utilities to operate and manage the Wastewater System pending the negotiation of an Assets Purchase Agreement to be entered into by and between Airview Estates, Inc., and Elizabethtown Utilities whereby Airview Estates will transfer and convey said Wastewater System to Elizabethtown Utilities.

NOW THEREFORE, in consideration of the premises stated above and below, the parties to this agreement hereby agree to the following terms.

1. Beginning September 1, 2004, Elizabethtown Utilities shall undertake to perform the services necessary to manage and operate said Wastewater System, including but not limited to the following services: daily inspection of the facility, in plant testing, process control adjustments, application of chemicals as needed, performance of daily maintenance and repairs as needed, and obtain the services of a private laboratory to perform the required analysis to comply with the requirements of the KPDES permit and forward the necessary discharge monitoring reports to the Division of Water. Elizabethtown Utilities is to be paid a fee of \$1,00.00 a month by Airview Estates for performing these services.

2. Airview Estates agrees to forward and provide to Elizabethtown Utilities all bill and invoices for services provided on or after September 1, 2004, by utilities, chemicals, laboratory costs and materials required for the operation and maintenance of the said Wastewater System during the term of this management agreement, as well as bills or invoices for hauling of excess sludge performed on or after September 1, 2004, as necessary to operate said Wastewater System in accordance with the requirements of the KPDES permit issued to Airview Estates.

3. Airview Estates agrees to continue to bill its customers and clients for the wastewater treatment services during the term of this management agreement and to deposit all of said receipts from this billing into the Airview Estates checking account, No. \_\_\_\_\_ at \_\_\_\_\_ (name of bank), and Elizabethtown Utilities shall be provided with the checkbook for said account and have signatory authority on this account so that it can pay the bills incurred in managing and operating the wastewater treatment plant as set forth in Paragraph 2 above. Airview Estates agrees to provide Elizabethtown Utilities with a report at the end of each month reflecting the customers and clients whose accounts are overdue, and whose accounts have been paid, and Elizabethtown Utilities agrees to provide a monthly report to Airview Estates. The account shall only be used for this purpose, except to the extent that any balance in said account of September 1, 2004, may be used to pay expenses incurred in operating the



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wastewater treatment plant prior to that date.

4. Elizabethtown Utilities shall not be liable for vandalism or damage resulting from breaking and/or entering said wastewater treatment site or to said wastewater treatment system.

5. Airview Estates shall retain all liability for all objections, claims or causes of action arising from the operation of said Wastewater System, including but not limited to fines or penalties, and objections, causes of action or claims due to noises, odors, effluent, frothing or other peculiarities inherent to such a system.

6. All of the terms agreed to by the parties are set forth in this agreement, and this Agreement shall not interpreted to incorporate or include terms not set forth here in.

7. This Agreement shall be govern by Kentucky Law and each of the parties hereto agrees that it and its attorneys have reviewed the language.

*#8 NO BILLS OR INVOICES TO BE PAID BY  
FRED SCHWARTZ*  
Airview Estates, Inc.

By: *[Signature]*

Date and Title: 8-25-04

Elizabethtown Utilities, LLC

By: *[Signature]*

Date and Title: 8/25/2004

**Covered Bridge Utilities  
1705 Bardstown Road  
Louisville, KY 40205-1212  
502/238-3301 / 502/238-3329 Fax**

January 13, 2005

Beth O'Donnell, Executive Director  
KY Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40602-0615

RE: Airview Estates W.W.T.P.  
Case No. 2003-00494

Dear Ms. O'Donnell:

As a matter of introduction let me say that Covered Bridge Utilities currently has a management agreement with Airview Estates and its owner Fred Schlatter to manage this sewer utility.

My partner Marty Cogan and I are working with Mr. Schlatter to ultimately acquire this utility and until such time as the Application for Approval of Transfer is approved, we will continue in a management role.

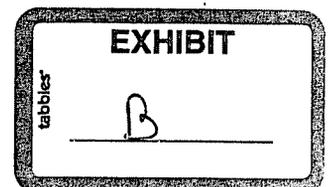
In June of 2004 this utility was approved for a sewer rate increase and a surcharge. This surcharge was awarded to allow Airview Estates to accumulate the needed funds to perform major repairs to the treatment plant and the remote lift station.

I have attached a copy of Attachment B of the staff report for the referenced case. This attachment as you will see lists the repair description and the recommended schedule for the repairs.

By this letter I am requesting a change in the schedule order, and it would be appreciated if you would approve this change as soon as possible.

In June of 2004 the stand-by pump for the remote lift station was repaired as required by the Division of Water and authorized by Mr. Schlatter. With this pump repaired and installed, this then gave us the two (2) required pumps working in this lift station.

With this additional pump installed, we have had no further problems with this station handling the average daily flow as well as the wet weather flow. We have not found it necessary to do any by-pass pumping since June 2004.



So we would like to move this item down to number three on the list and move items #2 and #3 up. There is currently only one (1) blower / motor assembly at the plant and it is in very bad condition as well as the control panel and all the diffuser drops. These existing items probably will not last much longer.

There is enough money in the special account to start construction on these items immediately.

Will await your replay.

If you have questions or need additional information, please let me know.

Sincerely,  
Covered Bridge Utilities, Inc.

---

Lawrence W Smither, Pres.

Enclosure

**ATTACHMENT B  
 STAFF REPORT CASE NO. 2003-000484  
 STAFF'S RECOMMENDED REPAIR SCHEDULE**

Repair Description	Estimated Repair Costs		Accumulated Surcharge Collections	Month Construction to Begin <sup>1</sup>
	Required Costs	Accumulated Costs		
1) Reseal LR Station (Guide Rail, Penaps, & Control Panel)	\$ 22,542	\$ 22,542	\$ 23,143.47	7
2) 2 Blower Motors & Control Panel	11,893	34,445	38,288.91	11
3) 13 1/2 Diffuser Drags with 287 Diffusers	4,145	38,590	39,674.52	12
4) Pump-Out & Dispose of Lagoon Sludge	75,000	113,590	115,717.35	35
5) Video Inspection of Manif	5,400	118,990	118,990.00	38
<b>Totals</b>	<b>\$ 118,980</b>	<b>\$ 118,990</b>		

<sup>1</sup> The Month construction is scheduled to begin is from the date of this Final Order.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED  
APR 06 2005  
PUBLIC SERVICE  
COMMISSION

In the Matter of:

REQUEST OF AIRVIEW ESTATES, INC. ) Case No. 2005-00050  
TO MODIFY CONSTRUCTION )  
SCHEDULE FOR PLANT IMPROVEMENTS )  
FINANCED THROUGH A CUSTOMER SURCHARGE )

**PRE-FILED TESTIMONY OF LAWRENCE W. SMITHER**

\*\*\*\*\*

1. What is your name and business address?

**Answer:** My name is Lawrence W. Smither and I am a member of Elizabethtown Utilities, LLC. The address of Elizabethtown Utilities, LLC, is 1706 Bardstown Road, Louisville, Kentucky, 40205.

2. Has Elizabethtown Utilities, LLC, entered into a Management Agreement with Airview Estates, Inc.?

**Answer:** Yes. On August 25, 2004, Airview Estates, Inc, and Elizabethtown Utilities, LLC, entered into a Management Agreement whereby, starting September 1, 2004, Elizabethtown Utilities, LLC, was to perform the services necessary to manage and operate the Airview Estate Wastewater Treatment Plant and System, which included performing the following services: daily inspection of the facility, in-plant testing, process control adjustments, application of chemicals as needed, performance of daily maintenance and repairs as needed, and obtain the services of a private laboratory to perform the required analysis to comply with the requirements of the KPDES permit and forward the necessary discharge monitoring reports to the Division of

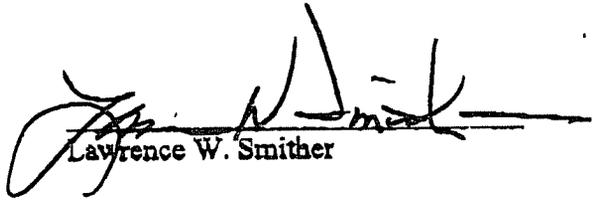
services of a private laboratory to perform the required analysis to comply with the requirements of the KPDES permit and forward the necessary discharge monitoring reports to the Division of Water.

3. Was Elizabethtown Utilities, LLC, authorized by Airview Estates, Inc., to request the modification to the construction schedule established in Case No. 2003-00494.

Answer: Yes, Elizabethtown Utilities, LLC, was authorized to request the modification to the construction schedule established in Case No. 2003-00494, because it was in the best interest of the efficient operation of the Airview Estates WWTP.

4. Does this conclude your testimony?

Answer: Yes.

  
Lawrence W. Smither

STATE OF KENTUCKY

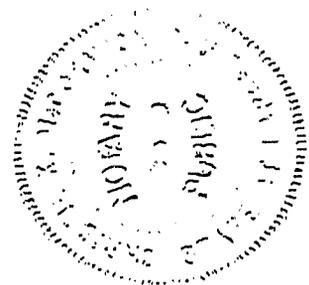
COUNTY OF Oldham

SUBSCRIBED AND SWORN to and acknowledged before me by Lawrence W. Smither,  
this the 1<sup>st</sup> day of April, 2005.

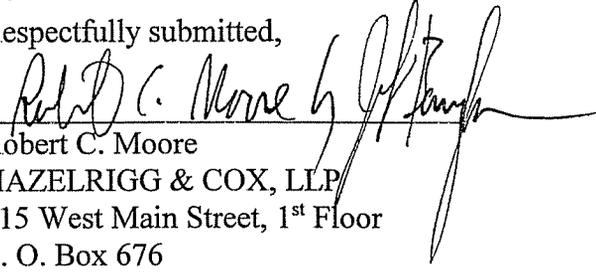
My Commission expires: 5-21-2005.



NOTARY PUBLIC



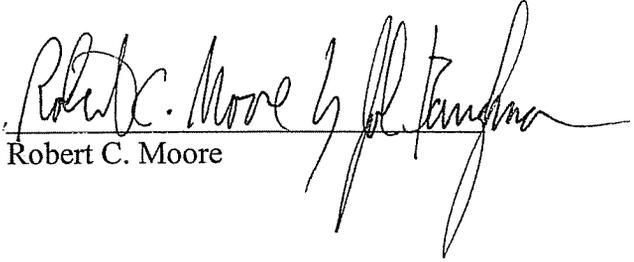
Respectfully submitted,

  
Robert C. Moore  
HAZELRIGG & COX, LLP  
415 West Main Street, 1<sup>st</sup> Floor  
P. O. Box 676  
Frankfort, Kentucky 40602-0676  
(502) 227-2271

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was filed by first class mail, postage prepaid, on this 4<sup>th</sup> day of April, 2005, on:

Beth O'Donnell, Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

  
: Robert C. Moore